



Policy Clarification 2022-08-02

Title: Veterans Affairs (VA) and Military Pensions – Countability as Income

Date: August 16, 2022

From: Erin Kelley, Senior Manager

Program(s) Impacted: All Medical Programs

The purpose of this document is to clarify the distinction between Veterans Affairs (VA) retirement benefits/pensions and military pensions and their treatment, i.e. whether they are considered countable or exempt in eligibility determinations for Family Medical and Elderly & Disabled/Long-Term Care programs. This guidance is intended to prevent errors stemming from the assumption that military retirement income is the same or treated the same as VA retirement benefits/pensions income. It does not supersede existing policy.

VA retirement benefits/pensions are typically received as a monthly payment by Veterans who meet certain age, disability, and active-duty requirements with income under certain limits. These payments are tax-free and are exempt for Family Medical programs under MAGI rules (see KFMAM 5412). For E&D programs the payments are countable unearned income. The documentation of these payments will often specify “Department of Veteran Affairs”; however, they may be supplied through other entities as well (e.g. American Legion).

VA retirement benefits/pension income is different from regular military retirement benefits. Military retirement payments are received by retired military personnel. Military retirement/pension payments are taxable and are always countable for Family Medical programs (see KFMAM 5220.14) as well as for E&D programs (see Medical KEESM 6220). The documentation will specify “Defense Finance and Accounting Service” or DFAS which is the department that oversees payments made to Department of Defense servicemembers. Some forms of documentation may refer to the payment as an annuity while others refer to it as retirement.

Note: See [KC-7004](#) Countable/Exempt Income Chart as an additional reference.

For questions or concerns related to this document, please contact the KDHE Medical Policy Staff at KDHE.MedicaidEligibilityPolicy@ks.gov.

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